Financing Agreement
(Disaster Risk Management and Reconstruction Project)

between

REPUBLIC OF HAITI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 11, 2012
FINANCING AGREEMENT

AGREEMENT dated January 11, 2012, entered into between the REPUBLIC OF HAITI ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to thirty seven million six hundred thousand Special Drawing Rights (SDR 37,600,000) ("Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Payment Dates are January 15 and July 15 in each year.

2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out (a) Parts 1, 2 and 5.1 of the Project through the MICT; and (b) Parts 3, 4 and 5.2 of the Project through MTPTC, all in accordance with the provisions of Article IV of the General Conditions.
3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely that, the Recipient has prepared and adopted, in form and substance satisfactory to the Association, the Operational Manual.

4.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Association’s approval of the Financing which expire on June 3, 2013.

4.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its Minister of Economy and Finance.

5.02. The Recipient’s Address is:

Ministère de l’Economie et des Finances
5, Avenue Charles Sumner
Port-au-Prince
Republic of Haiti

Facsimile: (509) 29 21003

5.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) 1-202-477-6391
AGREED at Port-au-Prince, Haiti as of the day and year first above written.

REPUBLIC OF HAITI

By

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient in improving disaster response capacity and enhancing the resiliency of critical transport infrastructure.

The Project consists of the following parts:

Part 1: Natural Hazard Risk Assessment and Analysis

Strengthening the institutional capacity of the implementing Line Ministries to incorporate natural hazard risks into development planning and collection of disaster risk data under a technical assistance program.

Part 2: Support to Disaster Preparedness and Emergency Response

2.1. Strengthening the institutional capacity of the Direction de Protection Civile (DPC), including: (a) improving the capacity of the DPC’s operational efficiency; (b) carrying out the construction of a multi-purpose center for the DPC; (c) building the capacity of the existing Comité Communal de Protection Civile (CCPC), and establishing new CCPCs; and (d) carrying out simulation exercises to, inter alia, evaluate the operational capacity of the CCPCs.

2.2. Improving the communication network and decision-support system, including: (a) establishing alert and communication protocols with the national disaster response system; (b) developing a civil protection communication system; and (c) provision of training for the use of CCPCs’ early warning system or communication protocols and equipment.

2.3. Carrying out of: (a) a comprehensive functional and structural assessment of the national shelter network; and (b) rehabilitation and construction of priority shelters.

Part 3: Rehabilitation of Vulnerable and Damaged Critical Transport Infrastructure

3.1. Strengthening the institutional capacity of the MTPTC and other relevant ministries, departments and agencies for: (a) identifying vulnerabilities in the transport sector; (b) building resiliency in the transport sector; (c) improving emergency response capacity to restore access to isolated areas; (d) promoting road safety; and (e) increasing the efficiency of the road maintenance system.
3.2. Carrying out construction, reconstruction and/or reinforcement of identified investments in the transport sector including, *inter alia*, bridges, roads and the riverbank.

3.3. Identifying critical investments to protect the local access to the main road network, and carrying out of the design, rehabilitation, construction, reconstruction and/or other work as may be required to protect said investments.

**Part 4: Emergency Response and Recovery**

Facilitating rapid response upon occurrence of an Emergency, including, the carrying out of emergency infrastructure reconstruction, rehabilitation and associated studies (Emergency Response Activities).

**Part 5: Project Management and Implementation Support**

Strengthening and developing the institutional capacity for Project management, coordination, implementation, and monitoring and evaluation, including:

5.1. Strengthening the capacity of the UCP-DPC for: (a) overall coordination of the Project including, consolidation of financial and progress reports; and (b) management, coordination, implementation, monitoring and evaluation of Parts 1 and 2 of the Project.

5.2. Strengthening the capacity of the UCE-MTPTC for management, coordination, implementation, monitoring and evaluation of Parts 3 and 4 of the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Ministère de l'Intérieur et des Collectivités Territoriales (MICT)

The Recipient shall ensure that the MICT, and specifically its DPC (or any successor to said DPC), is maintained at all times during the implementation of the Project, with the responsibility for overall institutional coordination of the Project implementation.

2. Project Coordination, Implementation and Management

(a) The Recipient shall maintain, at all times during the implementation of the Project: (i) the UCP-DPC within the MICT; and (ii) the UCE-MTPTC within the MTPTC, all with functions, responsibilities, staffing, terms of reference and resources satisfactory to the Association.

(b) Without limitation to the provisions of Section I.A.1 of this Schedule, the Recipient shall ensure that: (i) the UCP-DPC will be responsible for day-to-day administration of overall planning, coordination, technical, fiduciary (i.e., procurement and financial management), environmental and social safeguards compliance, coordination, monitoring, evaluation, reporting and communication of the activities under Parts 1, 2 and 5.1 of the Project; and (ii) the UCE-MTPTC will be responsible for day-to-day administration of overall planning, coordination, technical, fiduciary (i.e., procurement and financial management), environmental and social safeguards compliance, coordination, monitoring, evaluation, reporting and communication of the activities under Parts 3, 4 and 5.2 of the Project, all in accordance with the provisions of this Agreement and the Operational Manual.

B. Operational Manual

1. The Recipient shall carry out the Project in accordance with the provisions of the Operational Manual containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) monitoring, evaluation, reporting and communication; and (e) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
2. Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Operational Manual without the prior written agreement of the Association (provided, however, that in case of any conflict between the arrangements and procedures set out in the Operational Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail).

C. Emergency Response Activities under Part 4 of the Project

1. In an event of an Emergency, the Recipient shall: (a) clearly establish a causal relationship between the relevant Emergency and the need to withdraw the proceeds of the Grant allocated to Category (4); and (b) prepare and furnish to the Association a list of potential Emergency Recovery Activities, including a procurement plan and a cost of Eligible Expenditures in accordance with said procurement plan, and implementation arrangements for such Emergency Recovery Activities (if such arrangements would substantially differ from the implementation arrangements set forth in this Agreement for Parts 1, 2, 3 and 5 of the Project), all in form and substance acceptable to the Association.

2. The Recipient shall exchange views with the Association on the proposed Emergency Recovery and Rehabilitation Subprojects, and shall thereafter adopt, and carry out the Emergency Response Activities, in form and substance satisfactory to the Association.

3. Prior to implementing the Emergency Recovery Activities, the Recipient shall carry out all fiduciary, social and environmental assessments required by the Association (under terms of reference, scope and detail satisfactory to the Association), and shall prepare and implement all plans required by the Association (under terms of reference, scope and detail satisfactory to the Association).

D. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

E. Environmental and Social Safeguards

1. Without limitation to the provisions of Section 4.01 (b) of the General Conditions (referring to the obligation of the Recipient to ensure the carrying out of the Project in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices), the Recipient shall, not later than six months after the Effective Date: (a) prepare, adopt and disclose, in form and substance satisfactory to the Association, the Environmental and Social Management Framework (ESMF) and the Resettlement Policy Framework
(RPF); and (b) ensure that the Project is carried out in accordance with the ESMF and the RPF.

2. Without limitation to the provisions of Section I.E.1 of Schedule 2 of this Agreement, the Recipient shall, in a manner satisfactory to the Association take the following actions:

(a) prior to commencement of any works under the Project:

(i) prepare, in form and substance satisfactory to the Association, an environmental management plan or similar environmental safeguard instrument, and/or a resettlement action plan, if required;

(ii) thereafter, except as otherwise agreed with the Association, submit the said environmental management plan or similar environmental safeguard instrument, and/or said resettlement plan (as the case may be), to the Association for review and approval;

(iii) subsequently, adopt and disclose, in a manner acceptable to the Association, said environmental management plan or similar environmental safeguard instrument, and/or said resettlement action plan (as the case may be); and

(iv) immediately thereafter, implement said environmental management plan or similar environmental safeguard instrument, and/or resettlement action plan (as the case may be), all in accordance with their terms and in a manner acceptable to the Association; and

(b) Except as the Association shall otherwise agree in writing, the Recipient shall not amend or waive, or permit to be amended or waived, any provision of any environmental management plan or similar environmental safeguard document, or any resettlement plan.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of six months, and shall be furnished to the
Association not later than forty five days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall prepare and furnish to the Association as part of the Project Report not later than forty five days after the end of each six calendar months, interim unaudited financial reports for the Project covering the six months, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

C. Specific Covenant Relating to Audit

The Recipient shall, not later than six months after the Effective Date, appoint the independent auditors referred to in Section 4.09 (b) of the General Conditions, in accordance with the provisions of Section III of this Schedule.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II
and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. **Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Procurement from UN Agencies</td>
</tr>
<tr>
<td>(e) Force Account, in accordance with paragraph 3.9 of the Procurement Guidelines, and with the prior approval of the Association.</td>
</tr>
</tbody>
</table>

C. **Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least Cost Selection.</td>
</tr>
<tr>
<td>(d) Selection based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(e) Single-source Selection of consulting firms</td>
</tr>
<tr>
<td>(f) Procedures set forth in paragraphs 5.2 through 5.4 of the Consultant</td>
</tr>
</tbody>
</table>
D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services and Training for Part 1 of the Project</td>
<td>2,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants’ services and Training for Part 2 of the Project</td>
<td>9,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Grant Allocated (expressed in SDR)</td>
<td>Percentage of Expenditures to be Financed (inclusive of Taxes)</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>--------------------------------------------------</td>
<td>--------------------------------------------------------------</td>
</tr>
<tr>
<td>(3) Goods, works, non-consulting services, consultants’ services and Training for Part 3 of the Project</td>
<td>23,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, works, non-consulting services, consultants’ services and Operating Costs for Emergency Response Activities under Part 4 of the Project</td>
<td>700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Goods, non-consultant services, consultants’ services, Training and Operating Costs for:</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) Part 5.1 of the Project; and</td>
<td>1,400,000</td>
<td></td>
</tr>
<tr>
<td>(b) Part 5.2 of the Project</td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>37,600,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

3. For the purpose of this Section IV.A.2:

(a) the term “Training” means the cost associated with the training and workshops approved by the Association, for reasonable expenditures (other than expenditures for consultants’ services), including: (i) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses; and

(b) the term “Operating Costs” means:

(i) for the purpose of Category (4) the incremental expenses incurred by the Recipient for early recovery efforts arising as a result of the impact of an Emergency including, inter alia, additional transportation costs (i.e.,
gasoline and use of other transportation), rental of light and heavy machinery (i.e., generators and equipment for removal of debris), travel and per diem, excluding the salaries of the Recipient’s civil service; and

(ii) for the purpose of Category (5) the incremental expenses incurred on account of Project management, including office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, rental of office space for the UCP-DPC and UCE- MTPIC respectively, office administration costs, utilities, travel and per diem, excluding the salaries of the Recipient’s civil service.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section:

(a) no withdrawal shall be made for payments made prior to the date of this Agreement; and

(b) under Category (4) unless the Recipient has in accordance with Section I.C of this Schedule, furnished to the Association a letter, including: (i) evidence satisfactory to the Association, that an Emergency has occurred, and a governmental action of the declaration of said Emergency; (ii) a list of Emergency Response Activities, including goods, works, consultants’ services, non-consulting services, Operating Costs and other Eligible Expenditures proposed to be financed under said Emergency Response Activities and included in a procurement plan acceptable to the Association; (iii) estimated cost of funding required to fully finance the Emergency Response Activities; and (iv) any assessment, plan or other evidence as the Association may require to finance such Emergency Response Activities under Section I.C.3 of this Schedule.

2. Without limitation on the provisions of Section B.1 (b) immediately above, if no Emergency has occurred for a period of forty months after the Effective Date, or such later date as the Association shall establish, the Association may, upon request of the Recipient and as the Association may deem appropriate, reallocate the proceeds of the Grant allocated to Category (4) to any or all the other Categories.

3. The Closing Date is December 31, 2016.
APPENDIX

Definitions


2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

3. "Comité Communal de Protection Civile" and "CCPC" means the Recipient's Municipal Civil Protection Committee established under the PNRD (Plan National de Gestion des Risques et Désastres, dated February1, 2001), and any other municipal civil protection committee to be established under the Project.


5. "Direction de Protection Civile" and "DPC" means the Directorate of Civil Protection within the MICT (as hereinafter defined).

6. "Displaced Person" means a person who, on account of the execution of the Project had or would have their: (i) standard of living adversely affected; or (ii) access to, or right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) business, occupation, work or place of residence or habitat adversely affected; and "Displaced Persons" means, collectively, all such Displaced Persons.

7. "Emergency" means the occurrence of a natural disaster or an event of emergency within the Recipient's territory, which the Recipient has publicly recognized as an emergency and/or, for which the Recipient has issued a government declaration.

8. "Emergency Response Activity" means an investment activity under Part 4 of the Project, consisting of a combination of works, goods, non-consulting services and/or technical advisory services, aimed at responding to damage caused by an Emergency, and the term "Emergency Response Activities" means all such investment activities.
9. "Environmental and Social Management Framework" or "ESMF" means the Recipient's framework acceptable to the Association, setting forth the modalities for environmental and social screening and procedures/actions for the preparation and implementation of environmental assessments and management plans under the Project, and such term includes all schedules and annexes to the ESMF.


11. "Line Ministries" means the ministries involved in the implementation of Part 1 of the Project, including, inter alia, the MICT and the MTPTC (as hereinafter defined).

12. "Ministère de l'Intérieur et des Collectivités Territoriales" or "MICT" means the Recipient's Ministry of Interior and Regional Authorities.


14. "Operational Manual" means the Recipient’s manual referred to in Section 4.01 of this Agreement and in Section I.B of Schedule 2 to this Agreement.


16. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated August 31, 2011, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

17. Resettlement Policy Framework" or "RPF" means the Recipient’s framework acceptable to the Association, setting forth the modalities for resettlement and compensation of Affected Persons, including guidelines for the preparation of the resettlement plans under the Project.

18. "UCE-MTPTC" means the central implementation unit (Unité Centrale d’Exécution) established within the MTPTC and referred to in Section I.A.2 (ii) of Schedule 2 to this Agreement.

19. "UCP-DPC" means the Project coordination unit (Unité de Coordination de Projets) established within the MICT and referred to in Section I.A.2 (i) of Schedule 2 to this Agreement.